



Debt Collection Review

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***This presentation is not meant
to serve as a substitute for
reading any Act or case
discussed, seeking
administrative opinions, etc.
The presentation merely serves
as an introduction to, and
overview of, the statutes, cases
and interpretations discussed.***

Roadmap

- SCDCA Overview
- GAO Credit Card Debt Collection Report
- FTC Enforcement Actions
- State & Federal Debt Collection Laws
- Areas for Improvement
- Other SC Laws
- Resources



SCDCA Overview

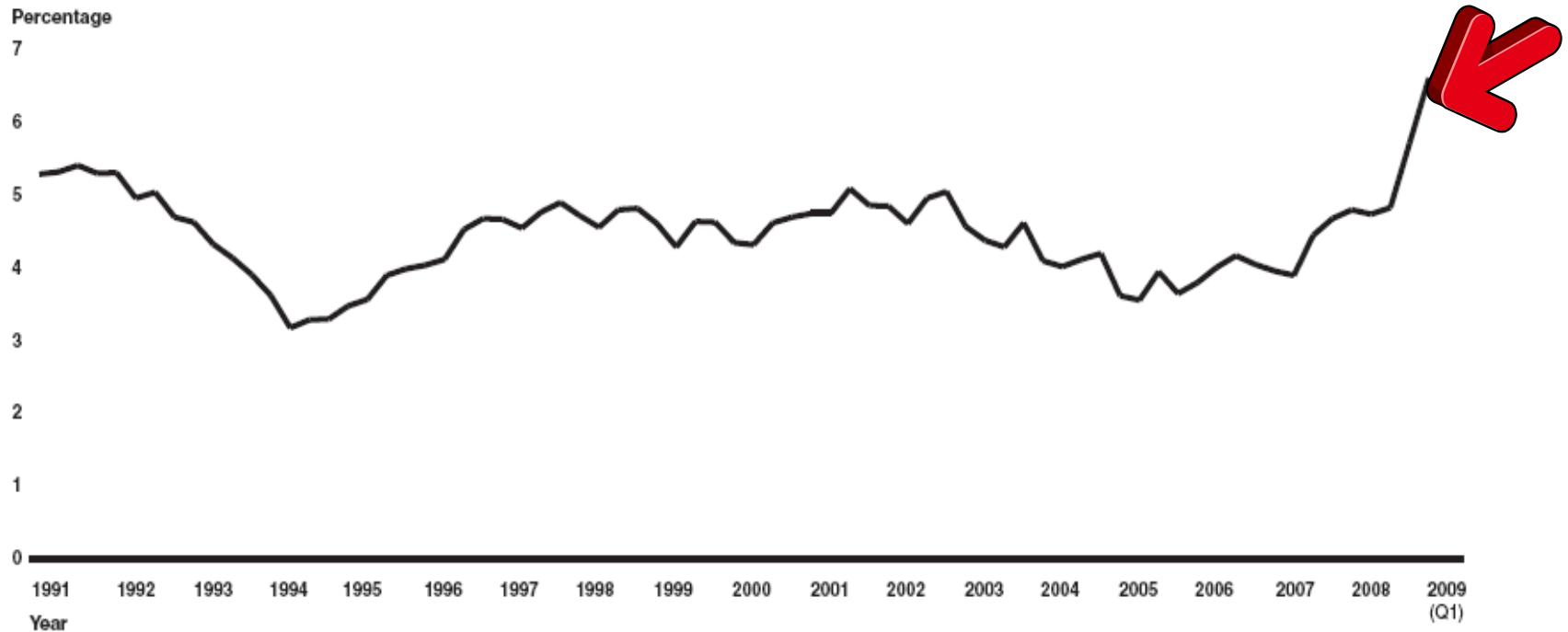
- Consumer Services & Education
- Public Information
- Consumer Advocate
- Administration
- Legal Division



GAO Credit Card Debt Collection Report

October 2009

Figure 1: Credit Card Delinquency Rates, 1991–2009 (first quarter)



Source: GAO analysis of Federal Reserve data.

2008: >\$23 billion 30-180 days delinquent

GAO Report cont...

Table 1: Six Largest Credit Card Issuers by Outstanding Credit Card Loans as of December 31, 2007

Card issuer	Outstanding loans	Percentage of total market
Citigroup Inc.	\$196,811,000,000	23.5
Bank of America	183,691,119,000	22.0
JPMorgan Chase & Co.	148,391,000,000	17.7
Capital One Financial Corp.	62,432,633,000	7.5
Discover Financial Services Inc.	52,302,410,000	6.3
American Express	49,251,563,000	5.9
Total	\$692,879,725,000	82.9

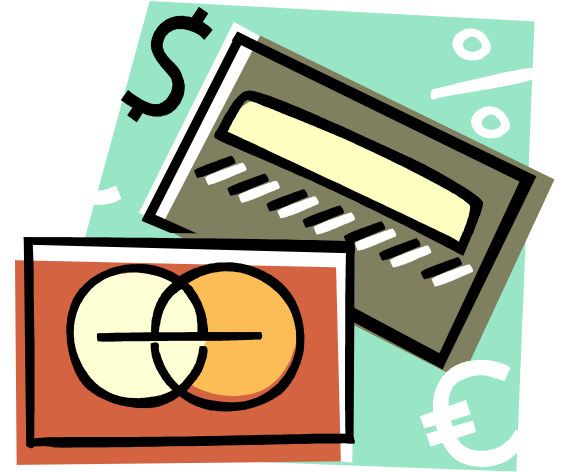
Source: GAO analysis of data from Card Industry Directory.

Approx. 83% of outstanding debt

GAO Report cont...

- **Credit Card Useage**

- 1993~ \$475 billion
- 2007~ \$1.9 trillion



- **Credit Card Charge-Offs**

- 1st quarter 2008 ~\$4.2 billion (4.7%)
- 1st quarter 2009 ~ \$7.5 billion (7.6%)

GAO Report cont...

- **Picture of the Debt Collection Industry**

- *Traditional Debt Collectors*

- 2006 (US Census Bureau data)
 - 4,400 debt collection companies
 - Employed 143,000
 - Majority= privately held
 - 43% employed 4 or fewer people
 - 3% had 500+ employees
 - 4 largest companies represent approx. 19% of total industry revenues (2002 stat.)



GAO Report cont...

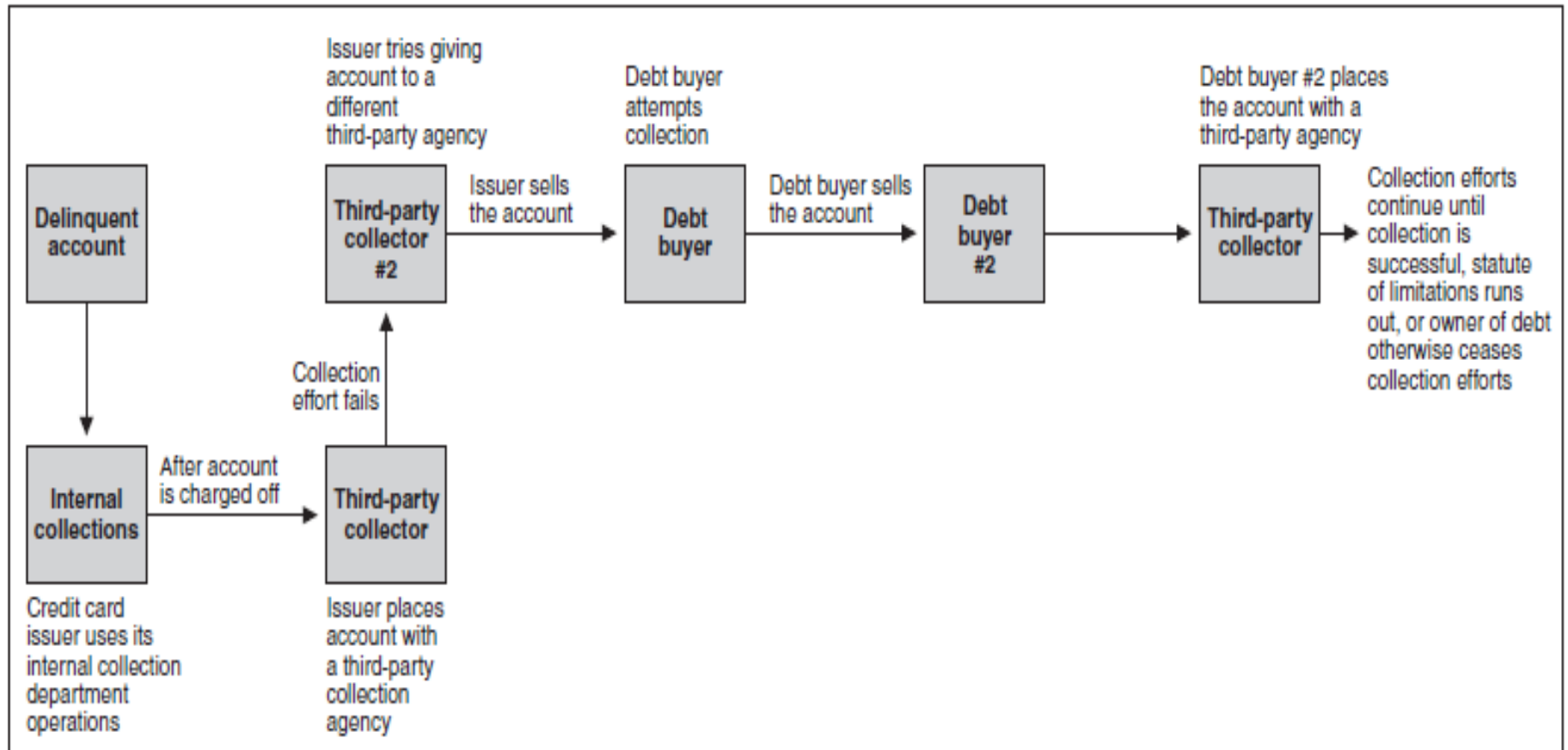
– *Debt Buyers*

- Exact number unknown
- 10 buyers responsible for 81% of debt purchased in 2007
- $\frac{1}{2}$ = publicly traded



GAO Report cont...

Figure 2: Illustrative Example of the Lifecycle of a Sample Delinquent Credit Card Account



Source: GAO.

GAO Report cont...

Table 2: Estimated Price Ranges for Credit Card Debt, Per Dollar of Account Face Value, March 2007 and January 2009

Type of debt	March 2007	January 2009
Fresh: 91 days to 6 months past due and never placed with a collection agency	\$0.12 - \$0.17	\$0.055 - \$0.075
Primary: 6 to 12 months past due and never placed with a collection agency	\$0.08 - \$0.12	\$0.035 - \$0.05
Secondary: 12 to 24 months past due and/or previously placed with 1 collection agency	\$0.055 - \$0.09	\$0.02 - \$0.03
Tertiary: More than 2 years past due and/or previously placed with 2 collection agencies	\$0.03 - \$0.05	\$0.01 - \$0.02
Quad: More than 3 years past due and/or previously placed with 3 collection agencies	\$0.01 - \$0.025	\$0.004 - \$0.01

Source: Kaulkin Ginsberg, InsideARM.

Note: The definitions in this table for fresh, primary, secondary, tertiary, and quad debt are those used by Kaulkin Ginsberg, but these definitions can vary across the debt collection industry.

Decrease in consumer's ability to pay

GAO Report cont...

- Complaints

Table 3: Number of Consumer Complaints Received by Federal Depository Regulators and FTC, 2004-2008

Year	Federal Depository Institution Regulators			FTC
	Total number of consumer complaints received	Total number of credit card complaints received	Total number of credit card FDCPA complaints received	Total number of debt collection complaints about original creditors
2004	44,328	15,229	2,257	20,588
2005	47,714	16,579	1,954	23,637
2006	43,319	13,502	1,625	21,465
2007	49,727	17,064	1,641	20,095
2008	63,024	19,023	2,434	26,615

Source: GAO analysis of FDIC, Federal Reserve, FTC, OCC, and OTS data.

GAO Report cont...

– *FTC Complaints*

- **2008**

- 79,000 (19%)
- 34% growth from 2004-2008



- **Most Common Complaints**

- Misrepresentation of amount or legal status of debt
- Excessive phone calls
- Telephone calls from collectors looking for other people
- Use of profane, obscene or abusive language
- Threatening to sue if payment not made

GAO Report cont...

- **Complaints cont...**

- *SCDCA*

- Always in top 3 of complaints

- *Nat'l Assoc. of Attorneys General*

- 2008= #1 Complaint Category

- *BBB~ 2008*

- 16,000 complaints
 - b/ 2005-2008 = 6th most complained about industry



GAO Report cont...

- **Recent FTC Cases**

- *FTC v. Jefferson Capital Systems and CompuCredit Systems, LLC*

- Offered credit card to consumers with charged-off debt
 - Bus. Sd debt would be reported as “paid in full” once transferred to new credit card
 - Consumers were instead enrolled in debt repayment plan & didn’t receive credit card until 25-50% of balance paid
 - Also charged with harassing consumers

FTC Enforcement Actions

- *FTC v. Whitewing Financial Group*
 - Collection of time-barred debts
 - misrepresenting status of debts
 - misrepresenting that lawsuit had been filed
 - Improper communications, including inconvenient times and places

FTC Enforcement Actions

– *FTC v. Citigroup*

- Unfair and abusive lending and collection practices
- Record \$215,000,000 settlement

FTC Enforcement Actions

- *FTC v. Nationwide Credit*
 - False and misleading representations
 - Failure to send required validation notices
 - Failure to verify debts
 - Revealed debts to third parties

Previous cases against company

\$1 million civil penalty



Up Next:
Debt
Collection



UP Next: Foreclosure
Process

Debt Collection

- SC & Federal Law Application
- SC & Federal Debt Collection Basics
- Federal Requirements/ Protections
- Other SC Debt Collection Laws



Debt Collection cont...

- Application

- South Carolina

- *Unconscionable Debt Collection Practices Act*

- *Creditors*
 - *3rd Parties*
 - *Repossession Agents*



- Federal

- *Fair Debt Collection Practices Act*

- *3rd parties*
 - *Creditors incognito*
 - *As of 1986 an amendment included attorneys who collect debts on a regular basis*



FEDERAL TRADE COMMISSION
FOR THE CONSUMER

Debt Collection cont...

- State & Federal Law Basics

- **Communication**

- Via mail, fax, telephone, in person
 - Allowed between 8am and 9pm
 - Can contact 3rd parties
 - Your phone number
 - Your address
 - Where you work
 - Attorney
 - Cannot call repetitively in a 24-hour period



Debt Collection cont...

- State & Federal Law Basics cont...

Harassment

- Debt collectors may not harass, oppress, or abuse you or any third parties they contact. They may not:
 - Use threats of violence or harm
 - Publish a list of consumers who refuse to pay their debts
 - Use obscene or profane language
 - Repeatedly use the telephone to annoy someone

Debt Collection cont...

False statements

- Debt collectors may not:
 - Falsely imply that they are attorneys or government representatives
 - Falsely imply that you have committed a crime
 - Falsely represent that they operate or work for a credit bureau
 - Misrepresent the amount of your debt
 - Indicate that papers being sent to you are legal forms when they are not
 - Indicate that papers being sent to you are not legal forms when they are

Debt Collection cont...

- **Debt collectors also may not state that:**
 - You will be arrested if you do not pay your debt
 - They will seize, garnish, attach, or sell your property or wages, unless the collection agency or creditor intends to do so, and it is legal to do so
 - Legal actions, such as a lawsuit, will be taken against you, when such action legally may not be taken, or when they do not intend to take such action

Debt Collection cont...

- **Debt collectors may not:**
 - Give false credit information about you to anyone, including a credit bureau
 - Send you anything that looks like an official document from a court or government agency when it is not
 - Use a false name

Debt Collection cont...

Unfair practices

- Debt collectors may not
 - Collect any amount greater than your debt, unless your state law permits such a charge
 - Deposit a post-dated check prematurely
 - Use deception to make you accept collect calls or pay for telegrams
 - Take or threaten to take your property unless this can be done legally
 - Contact you by postcard

Debt Collection cont...

- State & Federal Law Basics cont...
 - *Stopping Contacts At Work*
 - Letter (you or your employer)
 - Cease contact
 - Limited Contact
 - Verify employment



TIP: Keep copy for yourself & send certified mail, return receipt requested!

Debt Collection cont...

- Federal Requirements/ Protections (3rd party ONLY!)
- *Stopping Contact*
 - At Home
 - Letter
 - Limited Contact
 - » No further contact OR
 - » Specific action will be taken



***TIP: Keep copy for yourself & send certified mail,
return receipt requested!***

Debt Collection cont...

- Federal Requirements/ Protections

- *Notice*

- In 1st communication or within 5 days of
 - Must Contain:
 - Amount of debt
 - Name of creditor
 - Statements:
 - » 30 days to dispute or = assumed valid
 - » Verification
 - » Name of original creditor



Debt Collection cont...

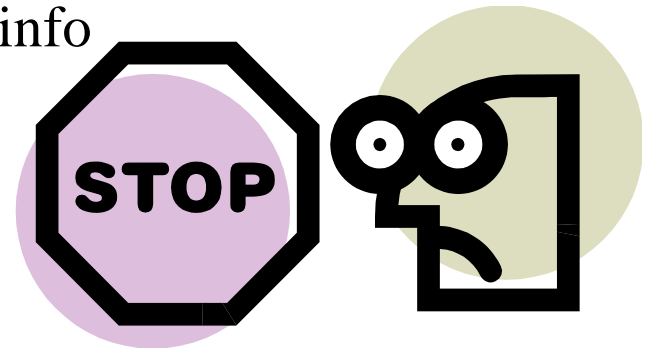
- Federal Requirements/ Protections cont...

- *Letter*

- Within 30 day period
 - Send registered mail, return receipt requested and regular mail
 - State that debt or any part of debt is in dispute
 - Ie: Not yours, amount listed is wrong, etc
 - Be specific
 - Same process for original creditor info

- *Debt Collector Must:*

- Stop attempting to collect
 - Must seek verification
 - Ie: contract, last billing statement, etc



Debt Collection cont...

- Federal Requirements/ Protections cont...
 - You have the right to sue a collector in a state or federal court within one year from the date the law was violated.
 - If you win, you may recover money for the damages you suffered plus an additional amount up to \$1,000.
 - Court costs and attorney's fees also can be recovered.
 - A group of people also may sue a debt collector and recover money for damages up to \$500,000, or one percent of the collector's net worth, whichever is less.

Debt Collection cont...

– South Carolina Consumer Remedies

- Consumers have a right to sue a collector for violating the Unconscionable Debt Collection Practices Act
- Can ask for actual damages and a statutory penalty of not less than \$100 and not more than \$1,000.
- Can be combined with Federal suit



**Up Next:
Areas for
Improvement**

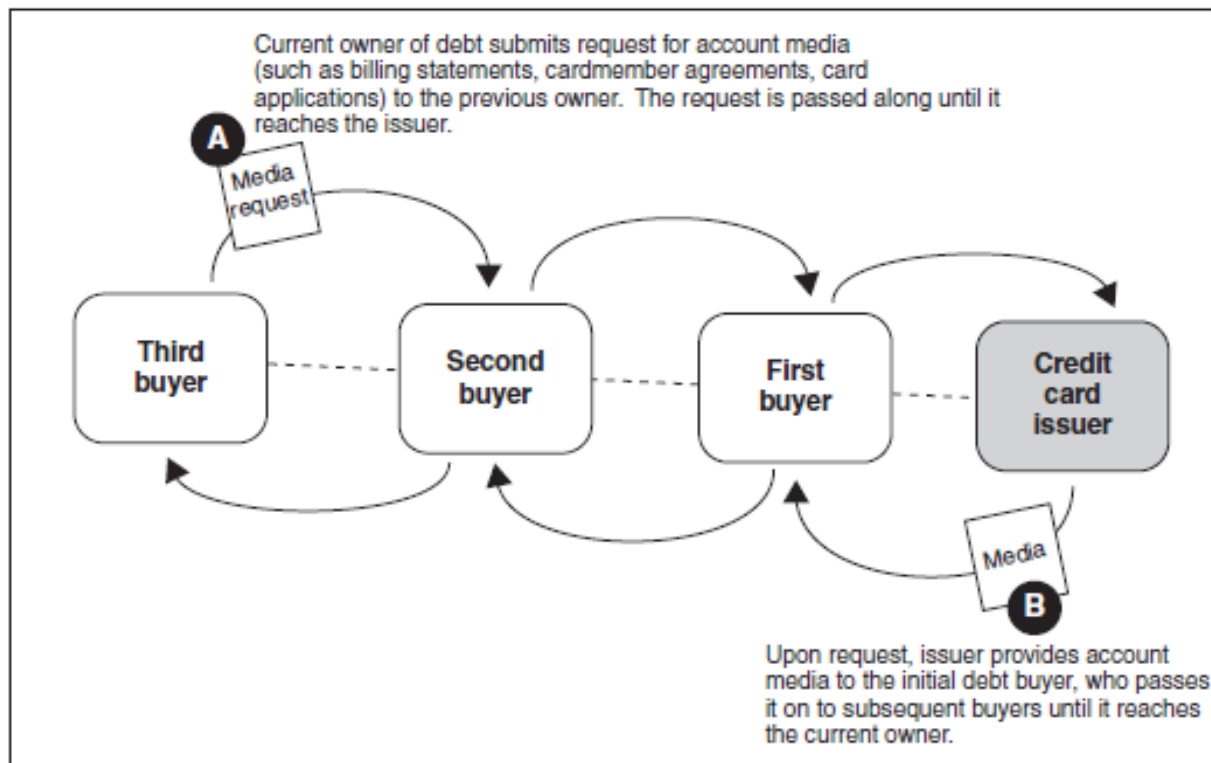
Areas for Improvement

- **Top Issues**

- Need to clarify what constitutes “verification” of a debt
- Collecting on Time-Barred Debt
 - Misconception can be sued
 - Reviving the debt
- Suing for Time-Barred Debt
 - Consumer defaults (defense)

Areas for Improvement cont...

Figure 3: How Account Information Is Passed among Debt Buyers



Source: GAO.

Areas for Improvement cont...

- Proposed Legislation 2011
 - *Debt Collection Agency Licensing Act (H3383)*
 - *Personal Property Recovery Act (H3549)*

→ *Can be found at*
www.scstatehouse.gov



Areas for Improvement

- **Federal Law Gaps & Ambiguities**
 - FTC doesn't have rulemaking authority= statute would have to be amended
 - New Consumer Financial Protection Agency had rulemaking authority
 - Go live date = July 21, 2011



Up Next:
FTC
Report

Repairing A Broken System

Protecting Consumers in Debt Collection Litigation and Arbitration

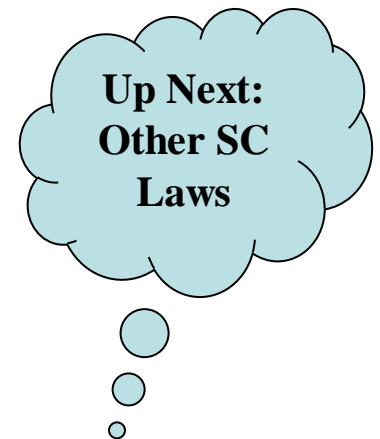
Federal Trade Commission
July 2010

FTC Report

- **Debt Collection Litigation Concerns**
 - Suits filed based on insufficient evidence
 - Failure to properly notify consumers of suits
 - High # of default judgments
 - Improper garnishment
 - Suing or threatening to sue on time-barred debts

FTC Report cont...

- **Debt Collection Arbitration Concerns**
 - Binding consumers to arbitration w/o meaningful choice
 - Bias
 - Procedural unfairness
 - Cost of arbitration



Other SC Debt Collection Laws

- *Collection on Consumer Debt in SC*
 - 2 types of default in consumer transaction
 - 1. Putting collateral @ risk
 - » Ie: Failing to maintain car insurance
 - 2. Failure to make payments
 - » creditor has the right to file suit to collect on the contract or repossess collateral

Other SC Laws cont...

- **Repossession**

- 3 legal means of repossession:

- 1. *Voluntary repossession*

- The consumer has the right to give the collateral back to the creditor.
 - If the consumer does so freely the repossession is considered to be voluntary.
 - Notice of Right to Cure does not have to be given when the consumer voluntarily surrenders the collateral.
 - A repossession is not voluntary if the creditor uses force or deception to take possession of the collateral.

Other SC Laws cont...

- *2. Self-help repossession.*

- the creditor may go to pick up the collateral or send a repossession company to pick it up.
- The creditor does not have to go through the court or have the consumer's permission to do a self-help repossession.
- the creditor cannot take any action that may lead to a breach of the peace.
 - » If the consumer objects, the creditor should leave.
 - » Any threat or use of force is a breach of the peace.
 - » Also, a creditor may not enter a person's home without permission.

Other SC Laws cont...

- *3. A claim and delivery action in court.*
 - begins with a Summons and Complaint, but it also has a demand for immediate possession of the collateral.
 - The consumer = notified that he or she has a right to a hearing before the judge before possession of the collateral is given to the creditor.
 - The consumer must ask for this hearing within five days after the Summons and Complaint are served.
 - The consumer still has the full thirty (30) days to file a complete Answer.
 - If the judge rules that the creditor has the right to immediate possession, a court order is entered and law enforcement may take possession of the property even if it is inside the consumer's home.

Other SC Laws cont...

- **Repossession cont...**

- Before engaging in self-help or claim & delivery, creditor must give consumer a Right to Cure Notice.

- **Right to Cure**

- Missing req'd payment ONLY
- Send after 10 days in default (11th day)
- 20 days from letter to “cure”
- Effect- default never occurred
- Number of notices:
 - » Closed ended (auto) = 1
 - » Open ended (credit card) 1 every 12 months



Other SC Laws cont...

- **Filing a Court Action**

- To collect amount owed, OR To collect deficiency balance:
- Suit must be filed in the county where the consumer lives, except when the collateral is real estate = must be filed in the county where the property is located.
- The lawsuit begins when the creditor files a Summons and Complaint with the court and has them served on the consumer.
- If the amount in issue is \$7,500.00 or less the action may be brought in magistrate's court. If it is more than this amount it must be brought in the Court of Common Pleas, which is at the county courthouse.

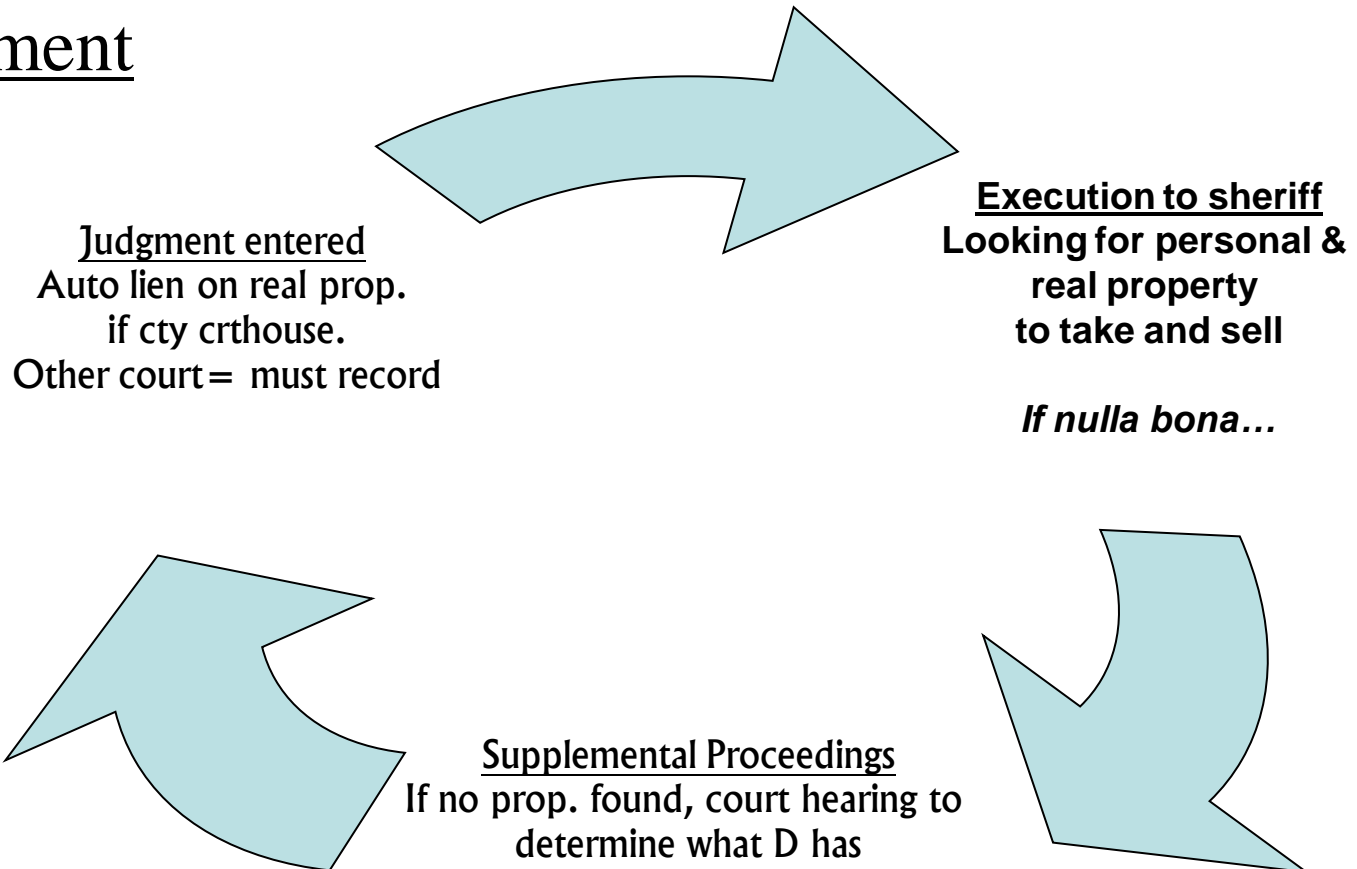
Other SC Laws cont...

- **Filing a Court Action cont...**

- Once the Summons and Complaint have been served, the consumer has thirty (30) days to file and serve a written Answer with the court and the creditor who filed the suit.
- Failure to file an Answer means the consumer loses and the creditor is entitled to a judgment. (default)
- The creditor may also get a judgment if the consumer admits owing the money or if the case goes to trial and the judge or jury rules against the consumer.

Other SC Laws cont...

- Collection of a Money Judgment



Other SC Laws cont...

- Collection of Judgment
cont...

Common exempt property includes

residence or burial plot (homestead exemption)	first \$50,000 of the consumer's interest (maximum \$100,000 if jointly held)
vehicle	first \$1,200 of the consumer's interest
clothing and household goods	first \$2,500 of the consumer's interest
personal jewelry	first \$500 of the consumer's interest
professional books or tools of the trade	first \$750 of the consumer's interest
cash (when no homestead exemption)	\$1,000

Other SC Laws cont...

- **Limits on Creditor's Remedies**

- *Deficiency Judgment*

- **The law does not allow the creditor to seek a deficiency judgment if the seller's original selling price to the consumer was \$4,950.00 or less. (37-5-103)**

- *Unconscionability*

- Unconscionable Contract

- Generally = unconscionable when the contract in whole or in part is so one-sided that there is no reasonable belief in fair dealing
 - Ie:
 - » when the creditor has no reasonable belief that the consumer can repay the debt
 - » when the consumer cannot realistically receive any benefit from the goods or services that are a part of the contract

Other SC Laws cont...

- Unconscionable Practices
 - = for the creditor to take the consumer's household goods as collateral, unless the credit is used to purchase those goods.
 - Items that cannot be taken as collateral include:
 - » the consumer's clothing, furniture, appliances, kitchenware, and one radio and one television.
 - Some items are not protected and can be used as collateral.
 - » bicycles, computers and other electronic equipment, jewelry (except wedding rings), and a child's car seat.

It is up to the judge to decide if the contract in whole or part is unconscionable. If the judge decides that it is, he or she can void the whole or any part of the contract.

Other SC Laws cont...

- **Statute of Limitations**

- *Contracts*

- General = 3 years (includes unsecured credit cards)
 - Secured transaction = 6 years (includes store credit card)

- *Real Estate*

- 20 years (mortgage of real property)

- *Judgments*

- 10 years

Other SC Laws cont...

- **Garnishment**

- Prohibited **UNLESS:**

- \$\$ owed to government
 - \$\$ owed for child support or alimony
 - Garnishment order issued in another state where consumer was a resident



Options for Consumers

• Self Help

- Make a Budget... and stick to it!

Budgeting Tips

- Write it Down
- Decide if Purchase = Need? Want?
- Borrow only what you can repay
- Read and understand the credit agreement
- Shop around for Credit
 - OPT OUT : 1-888-5-OPTOUT
 - Pay all debts on time- best before interest starts!



Options for Consumers cont...

- Keep in Contact with Your Creditors
- Negotiate
 - Try to work out a modified payment plan you can afford
 - Creditors often “write-off” debt after you haven’t paid for 180 days. Results= hit on credit rating, still owe the debt. Most are still willing to work with you.
 - Get any work outs in writing

- Keep Good Records



- Dispute Own Credit Report (Stay Tuned)

Options for Consumers cont...

- **Hire Help**

- Debt Management, Debt Consolidation, etc.
- Credit Repair, etc.
- Debt Settlement, Debt Negotiation, Foreclosure Assistance, etc.



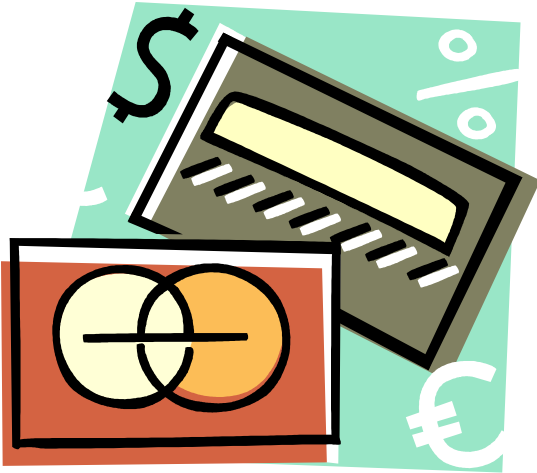
SC Consumer Credit Counseling Act (SCCCCA)

- Effective → December 2, 2005
- Climate
- *Why “Consumer Credit Counseling” Act*



SCCCCA: Purpose

- Rights for Consumers when being contacted by or hiring a:



- ***Debt Management Businesses***
 - ***Credit Repair Businesses***
 - ***Debt Settlement Businesses***
- ***REGARDLESS of whether or not the business is located in South Carolina!!!***

SCCCCA: Definitions

- *“Receiving or offering to receive funds from a consumer for the purpose of distributing the funds among the consumer's creditors in full or partial payment of the consumer's debts”*
- *“Improving or offering to improve a consumer's credit record, history, or rating”*
- *“Negotiating or offering to negotiate to defer or reduce a consumer's obligations with respect to credit extended by others”*

SCCCCA: Definitions cont...

- **Debt Management Businesses**

- What Do They Do?

- *Negotiate*
 - *Consolidate*
 - *Send Payments*

- Is This Right For Me?

- *Budget Analysis*

- Your Responsibilities

- *Checking Up*



SCCCCA: Definitions cont...

- **Credit Repair Businesses**

- **What Do They Do?**

- *Credit Report (Your help)*

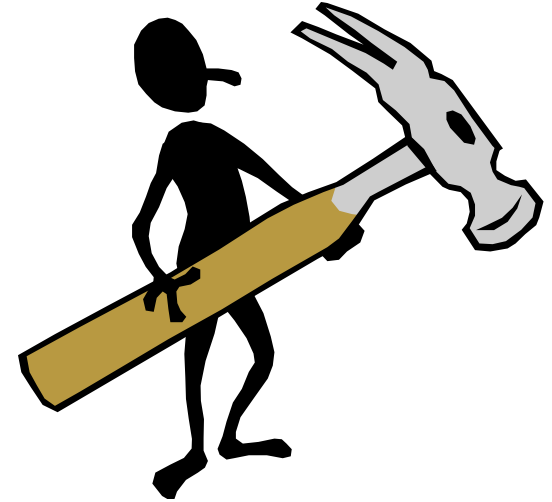
- *Letters*

- Incorrect Info

- » No one can remove information that is accurate and timely

- Credit Reporting Agencies

- Creditors



*{**More to come on Credit Repair later...**}*

SCCCCA: Definitions cont...

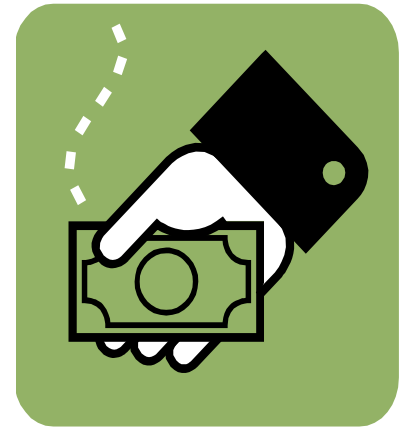
- Debt Settlement/ Foreclosure Assistance

- What Do They Do?

- *Negotiate*
 - *Send Payment?*
 - *Types of Settlement/ Negotiation*

- Problems

- *Saving Money*
 - *Time*
 - *Creditor Action*



SCCCCA: Requirements

Be Licensed by SCDCA!!!

http://www.scconsumer.gov/licensing/credit_counseling/licensed_counselors.pdf

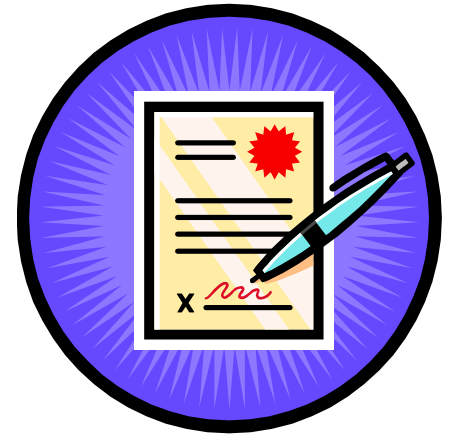
- Application for Organization and Credit Counselors
- Bond – at least \$25k
- Financial Education Session
- Budget Analysis/ Contract



SCCCCA: Contract

– Credit Counseling Organizations MUST:

- Describe services
- Tell you how much their services cost
- Tell you how long it will take to get results
- Have a *written contract & give you a copy*



SCCCCA: Fees*



Initial Consultation Fee	_____	\$50
Plan Enrollment Fee	_____	\$30
Monthly Maintenance Fee	_____	\$10 per (\$50 max)
Reinstatement Fee	_____	\$25

**** Businesses can charge UP TO these amounts. All credit counseling businesses cannot charge every fee listed- it is dependant on the services provided.***

SCCCCA: Consumer Rights

- Cancel

- Anytime
- 10 days notice
- Refund



- SUE

- 3 years
- Knew/Should have known

SCCCCA: Prohibitions

- **In General**

- Referral fees
 - Situation (3rd Party)
- Ask consumer to waive right
 - Ex: Right to sue
- Fraudulent, deceptive, or misleading acts (including advertising)
- Etc.



SCCCCA cont...

– *BEWARE ~ The Scams*

We have the SECRET to lowering credit card debt!

Settle your debt for pennies on the dollar!

Lower your credit card payment guaranteed!

SCCCCA cont...

- Common Scams

- Promises that can't be delivered
- Undisclosed fees
- Undisclosed Consequences
- Not Delivering Service

- Don't Trust a Company If They:

- Ask you to lie
- Make Promises/ Guarantees
- Have No Written Contract / Services in Writing
- Ask for Up Front Payment



SCCCCA: Consumer Complaints

- Complaint

- SCDCA
 - 1-800-922-1594
 - www.sconsumer.gov
 - “Complaint Services”
- Documents
- Process

- Common Complaints

- Didn't get what you paid for
 - *Didn't understand services*
 - *Said services not provided*
- Creditors are contacting me
- Unlicensed Company

[illegible]

SCCCCA: Enforcement

- Enforcement

- *Consumer Refunds*

- Approx. **\$4,300,000** in refunds since 07/06

- *Lawsuits*

- Unlicensed companies (contracts & soliciting)
 - Licensed company in violation

- How does SCDCA know?



State & Federal Laws Working Together

- Fair Credit Reporting Act (FCRA) = *Federal*
- Financial Identity Fraud and Identity Theft Protection Act (FIFITPA) = *State*



Fair Credit Reporting Act

- Right to Dispute

- *Consumer Can Dispute:*

- Inaccurate, incomplete or untimely items
 - To credit reporting agency “CRA” and/or
 - Furnisher (Creditor)

- *Requirements:*

- CRA - Notify furnisher within 5 days
 - CRA & Furnisher - Investigate (unless frivolous)
 - CRA & Furnisher - Note File= in dispute
 - If no resolution in 30 days, CRA must remove info

- *Resolution*

- Notify consumer within 5 days
 - 100 word dispute



FCRA cont...

- Reporting Periods

- *Bankruptcy*

- 10 years

- *Civil Lawsuit or Judgment*

- 7 years or statute of limitations (longer)

- *Paid Tax Lien*

- 7 years

- *Accounts Placed in Collection OR Charged Off*

- 7 years (clock begins 180 days after delinquency)

- *Other Adverse Info*

- 7 years



FCRA cont...

- Right to Dispute- How?
 - Get free credit report—www.annualcreditreport.com
 - Letters
 - To Whom?
 - To Credit Reporting Agency AND
 - Information Provider= Creditor
 - What Should Be Included?
 - what information is wrong
 - why it is wrong
 - ask that it should be removed
 - send copies of any papers you have that support your position.



*Make copies of the letter and supporting papers for yourself & send certified mail
“return receipt requested”.*

Financial Identity Fraud and Identity Theft Protection Act (FIFITPA)

- Credit Report Disputes
 - Mirrors *Fair Credit Reporting Act*
 - When inaccurate info on credit report:
 - Write CRA
 - What is wrong in filed
 - Recommend certified mail
 - CRA must confirm or deny inaccuracy within 30 days.



FIFITPA cont...

- Credit Report Disputes cont...
 - **If CRA DENIES inaccuracy MUST:**
 - Give basis;
 - Send copy of file, including which creditors were contacts;
 - Give evidence that info is accurate
 - **If CRA ADMITS inaccuracy MUST:**
 - Contact creditors/requestors from the last six months

FIFITPA cont...

- Credit Report Disputes cont...
 - Private Cause of Action
 - Department of Consumer Affairs to Enforce
 - Complaints
 - 1-800-922-1594
 - www.scconsumer.gov “Complaint Services”
 - Pattern or Practice



Resources

- New SCDCA Debt Collection Brochure
 - www.scconsumer.gov
 - “Publications”; “Credit”; “Debt Collection”

What is a debt collector not allowed to do?
A debt collector cannot:

- Use obscene or profane language.
- Deposit or threaten to deposit a postdated check before the date on the check.
- Misrepresent the character, amount or legal status of the debt.
- Send a document that appears to be authorized, issued or approved by a state or federal agency or a court.
- Claim or imply that if the debt is not paid, you will be arrested or your wages will be garnished, **UNLESS** the creditor is legally allowed to do those acts **AND** intends to do so.

A Special Note About Wage Garnishment

Wage garnishment is prohibited in South Carolina **EXCEPT** in 3 cases:

- if money is owed to the government
- if money is owed for child support
- if a garnishment order has been entered in another state while the consumer was a resident there but the consumer later moves to South Carolina

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Who can you contact if you believe a debt collector violated the law?
Contact the Department of Consumer Affairs toll-free at 1.800.922.1594 or online at www.scconsumer.gov.

What about federal law?
The Fair Debt Collection Practices Act also gives consumers protection when dealing with debt collectors. This law has broader prohibitions, but only applies to debt collectors hired by the creditor and creditors who use a different business name when collecting debts owed to them.

Helpful Tip:
Federal law places limits on how long a negative item can be reported on a consumer's credit report. For example, credit reporting agencies cannot report an account that has been put into collections or that has been charged off more than 7 ½ years after it was reported. For more information on the federal law, contact the Department or the Federal Trade Commission.

contact us

[3600 Forest Drive] [Columbia, SC 29204]
[800.922.1594] [www.scconsumer.gov]

Debt Collection



South Carolina

a publication of the
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Consumer Affairs

Resources

- How to dispute brochure:
http://www.sconsumer.gov/publications/fast_facts/credit_repair.pdf
- SCDCA-TV ~ YouTube
 - “Harassed by Debt Collectors?”
- SCDCA on Twitter & Facebook
- FTC “Repairing A Broken System”
 - <http://www.ftc.gov/os/2010/07/debtcollectionreport.pdf>
- GAO Report on Credit Debt Collection
 - <http://www.gao.gov/new.items/d09748.pdf>



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